

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF WORKFORCE INVESTMENT
(502) 564-7456

POLICY NAME: RECAPTURE AND RE-ALLOTMENT

POLICY NUMBER: 17-003
DATE OF ISSUE: reissued November 1, 2021
EFFECTIVE DATE: October 1, 2020

APPLIES/OF INTEREST TO: Kentucky Career Center (KCC) Staff and Local Workforce Development Area (LWDA) staff

POINT OF CONTACT: Compliance.Unit@ky.gov

HISTORY: initially issued 08/01/2017; revised 10/1/2020; reissued November 1, 2021 with no substantive change (clean up); effective date remains.

BACKGROUND: WIOA sec. 127(c) requires the Secretary of Labor to recapture and reallocate Youth Activities program formula funds based on State obligation levels at the end of the first program year of use (ETA reallocates in accordance with 20 CFR 683.150). WIOA sec. 132(c) requires the Secretary of Labor to recapture and reallocate Adult Activities program formula funds based on State obligation levels at the end of the first program year of use (ETA reallocates in accordance with 20 CFR 683.150).

PURPOSE: The Workforce Investment and Opportunity Act (WIOA) Section 127(c)(5) requires Governors to prescribe uniform procedures for the obligation of funds by LWDA's within the State in order to avoid a reallocation of funds as required by the Act. Governors shall further prescribe equitable procedures for making funds available from the State and local areas in the event that a State is required to make funds available for re-allocation under Section 127(c)(5). Allocations to LWDA's will be subject to the same re-allocation requirements.

POLICY:

Obligations 1st program year:

(1) The Commonwealth shall determine, by the end of the 4th quarter of the first program year based on the May reports, whether a local area has obligated its required level of at least 80 percent of the funds allotted under WIOA Sections 127 and 132 for programs serving youth, adults, and dislocated workers for the prior PY, as separately determined for each of the three funding streams. Unobligated balances are determined based on allotments adjusted for any allowable transfer between the youth, adult, and dislocated worker funding streams. The amount available for re-allocation, if any, is equal to the amount

by which the unobligated balance of the LWDA allotments for programs serving youth, adults, or dislocated workers, exceeds 20 percent of such allotments, less any amount reserved for the costs of administration (up to 10 percent). This amount, if any, is separately determined for each funding stream. Per 2 CFR 200.71, obligations are defined as “when used in connection with a non-Federal entity’s utilization of funds under a Federal award, obligations means orders placed for property and services, contracts and sub awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period”.

Recapture 2nd program year:

(2) The Commonwealth shall determine, during the SECOND quarter of the program year (PY) which funds are subject to recapture based on the balances of the expired funds in the respective funding streams. These funds will have the availability of either being redistributed to the local areas that did not have a recapture of funds or the funds will be utilized as statewide reserve funds. Should funds be available for reallotment, local areas requesting the additional funds shall submit documentation to substantiate the need for said funds. These funds shall be re-allotted in the FIRST month of the THIRD quarter and shall be expended by the FOURTH quarter.

The Commonwealth shall reallocate youth, adult, and dislocated worker funds among eligible LWDA's in accordance with the provisions of WIOA Sections 127(c) and 132(c), respectively. To be eligible to receive a re-allotment of youth, adult, or dislocated worker funds under the redistribution procedures, a local area must have obligated at least 80 percent of the prior program year's allotment, less any amount reserved for the costs of administration of youth, adult, or dislocated worker funds. An LWDA's eligibility to receive additional funding is separately determined for each funding stream.

(3) The local area must have expended all of its funding for the funding stream in which they are seeking additional funds. The local area requesting the additional funding must have met all program outcomes set forth in their contract. Per 20 CFR 667.107(b)(2), the Commonwealth has, at its discretion, the right to recapture the funds and use them as statewide reserve funds. Should the Commonwealth choose to recapture funds for statewide reserve projects, it will inform the State Workforce Development Board

For Example:

| Applicable Funds | 80% Obligated | Funds Expire | Funds Recaptured | Funds Reallotted | Reallotted Funds Expire |
|------------------|-----------------|---------------|------------------|------------------|-------------------------|
| PY19/FY20 | April-June 2020 | June 30, 2021 | Oct.-Dec., 2021 | January, 2022 | June, 2022 |
| PY20/FY21 | April-June 2021 | June 30, 2022 | Oct.-Dec., 2022 | January, 2023 | June, 2023 |
| PY21/FY22 | April-June 2022 | June 30, 2023 | Oct.-Dec., 2023 | January, 2024 | June, 2024 |

REFERENCE:

20 CFR 683.150
